




THE CITY OF SAN DIEGO

DATE: May 30, 2013

TO: Kevin Faulconer, Chairman, Audit Committee
Scott Sherman, Audit Committee Member
Steve Grant, Audit Committee Member
Tom Hebrank, Audit Committee Member
Karley Schreiner, Audit Committee Member

FROM: Eduardo Luna, City Auditor 

SUBJECT: San Diego City Auditor's Audit of the National Family Justice Center Alliance

This memorandum is written to serve as notice that the Office of the City Auditor's (OCA) audit of the San Diego Family Justice Center (FJC) and the National Family Justice Center Alliance (Alliance) has been terminated due to a prolonged and sustained lack of cooperation in disclosing necessary documents. Government Audit Standards (Section 6.50) requires auditors to document work to date and a reason for terminating an audit before completion. As you are aware, this office undertook an audit of the FJC and Alliance at the request of the City Attorney, who referred an "investigation and research to the City Auditor" of "[a]ll facts related to receipt and expenditure of moneys, or any representations made to donors about where the money was going."

City Auditor Is Terminating Audit Due To A Prolonged And Sustained Lack Of Cooperation In Disclosing Necessary Documents

After six months of effort, I believe I have exhausted all meaningful attempts to gain access to the documents and information required to complete an audit in conformance with my Charter-mandated duty to perform audits following Government Auditing Standards. Absent further action or direction from the Audit Committee, OCA is ceasing work on this engagement due to significant scope impairment.



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- As described in greater detail in my April 26, 2013 memorandum to the Audit Committee, after initially pledging cooperation, the Alliance has been largely unresponsive to my office's numerous requests to make available documents pertaining to the financial relationship between the FJC and the Alliance. My office has made a series of good faith attempts to engage the leadership of the Alliance to comply with our requests for information. As you are aware, I sent a letter to the City Attorney's Office on January 29, 2013 which outlined the access issues related to the Alliance and requested assistance from the office. More recently, on May 15, 2013, I requested a legal analysis pertaining to the OCA's authority to conduct the audit. As of this writing, no assistance or analysis has been provided, but an opinion is expected.
- I am in receipt of an audit performed by an outside auditor commissioned by the Alliance which was issued on April 18, 2013. The City Attorney has stated that "[t]he report is very helpful in addressing the fiscal questions raised in our November 19, 2012, memo." Subsequent communications (including an in-person meeting) between the Alliance and the City Attorney further reiterated that the audit addressed both the San Diego Police Department leadership and the City Attorney's concerns about the fiscal relationship between the Alliance and the FJC. These statements have impeded our ability to gain needed cooperation and documentation from the Alliance. Further, due to the Alliance's refusal to comply with OCA document requests, it is impossible for OCA to currently verify the information presented in the audit completed by the Alliance's outside auditor. We should note that the outside audit tested the Alliance's compliance with the fiscal agency agreements, which the City Attorney has opined as illegal and contained broad provisions regarding program expenditures.
- I believe the OCA should not expend any additional resources on this requested audit. Limited OCA resources should be used to review higher risk City activities that could have a much greater benefit or impact on City operations. The amount of funds in question for this audit are not significant (approximately \$300,000) when compared to most other OCA audits performed.

Conclusion

Absent further action or direction from the Audit Committee, the OCA is ceasing work on this engagement due to significant scope impairment. I welcome your questions and comments, and look forward to discussing this with you, as appropriate.

cc: Mayor Bob Filner
City Council members
Jan Goldsmith, City Attorney